



PayInc Net Salary Index Report

March 2026

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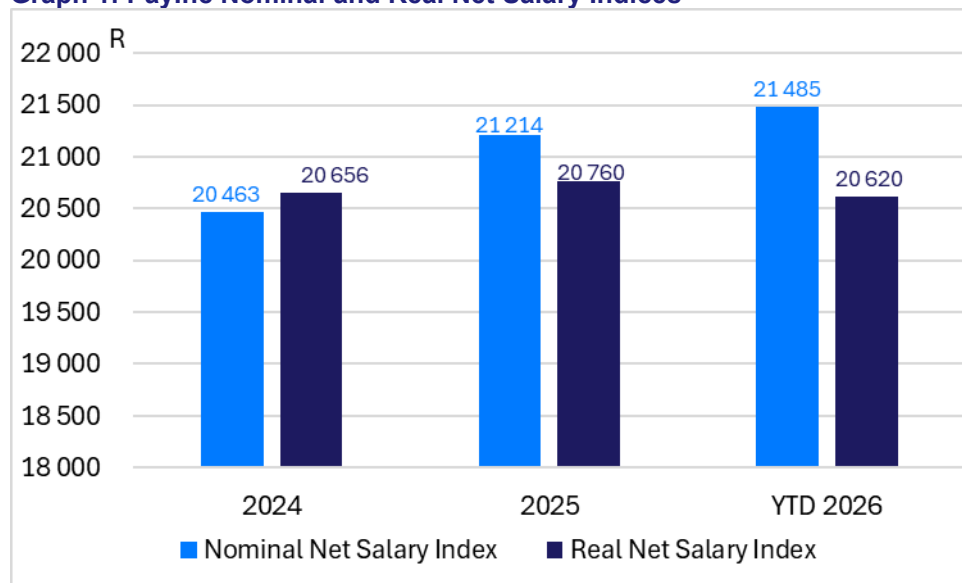
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10 Parks Boulevard, Oxford Parks, Dunkeld, 2196, Gauteng, South Africa
Tel: +27 11 497 4000 / Fax: +27 11 493 0595

Nominal net salaries inching higher in March

The **PayInc Net Salary Index***, tracking the average nominal net salaries of approximately 2.1 million salary earners in South Africa, increased marginally in March 2026 to R21 508, up by only 0.1% on February, but still 2.3% higher than a year ago. While still at an elevated level, net salaries have stabilised in Q1. The war in the Middle East has introduced heightened economic uncertainty, placing pressure on company profitability and planning, with the effects likely to filter through to the workforce. In periods of uncertainty and volatility, companies retract to conservative mode, postponing investment plans and pausing the expansion of their workforce. Employee earnings growth could also come under pressure if company profitability takes a hit.

Graph 1: PayInc Nominal and Real Net Salary Indices*



Source: PayInc

**The well-known BankservAfrica Take-home Pay Index (BTPI) has been revamped to offer clearer, deeper insights into South Africa's earnings environment. The August 2025 report marked the first release of the refreshed index, with a revised seasonal adjustment methodology applied, and based on an adjusted PayInc data sample, that only reflects single salary payments (more detail on the PayInc Net Salary Index changes is available at the end of this document)*

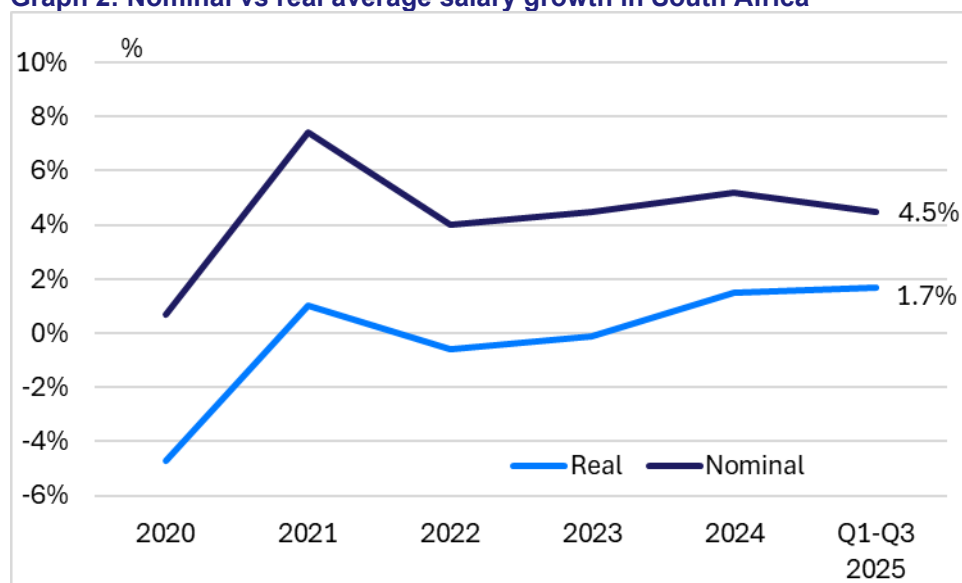
With nominal growth in net salaries trading water, the PayInc Net Salary Index declined in real terms by 1.0% y/y in the first quarter of 2026. While both headline and core inflation remained well under-control and aligned with the South African Reserve Bank's (SARB) newly adopted inflation target up to March, the significant fuel price spikes in April has derailed the favourable outlook for inflation envisaged at the start of the year. Although government has provided some relief in the form of a 3-month fuel levy subsidy (effective April to June), costing the fiscus R17.2bn in forfeited tax revenue, the impact on the economy remains severe. National Treasury indicated that the fuel levy relief measure has been designed to be revenue neutral and will be funded through a combination of higher-than-expected tax revenue and underspending and will not have an impact on the fiscal framework adopted by Parliament following the 2026 Budget. At the time of the tabling of the budget, economists noted that the revenue estimates for the fiscal year ending March 2027 have been quite conservative in light of the potential corporate tax windfall (from mining companies) that could flow from the higher commodity prices obtained in 2025. This conservatism will now stand government in good stead to soften the blow of the Middle East war on the South African economy. Lowering the fuel levy will moderate the direct impact of the fuel price increases on consumer inflation, which will be helpful from a monetary policy point of view, hopefully reducing the SARB's urge to hike interest rates pre-emptively, in response to the higher near-term consumer price inflation. The government's ability to act to protect the economy in a period of unexpected hardship, is firmly in the spotlight in the current crisis.

While the extension of fuel levy relief is welcomed, the extent of the fuel price increases still to be implemented in coming months will harm the economy in multiple ways. On the petrol price, the R3.06/l increase on 1 April, will be followed by another increase of around R2.00/l on 6 May (excluding any increase in the slate levy). Similarly, for the diesel price, the April increase of R7.37/l will be followed by an increase of around R3.60/l on 6 May (excluding any increase in slate levy). Cumulatively, the impact even before the fuel levy re-enters the calculation, will thus be around R5/l for petrol and R11/l for diesel. This remains a notable shock to the economy and the probability that it could trigger a widespread upward adjustment in prices across the economy remains very high, but also dependent on how long fuel prices remain at these high levels. A full-blown secondary impact could lift consumer inflation to average around 4.4% in 2026 vs a base case forecast before the war of about 3.4%. This is an undesirable outcome for a Central Bank that has recently adopted a 3% inflation target (with a tolerance band of 1%) and there is a growing probability that interest rate hikes could be on the cards in a few months' time.

The anticipated worsening inflation scenario will hit the purchasing power of salary earners, likely resulting in negative net salary growth in real terms in 2026. The employment space is likely to be impacted in different ways. Unionised sectors will pressurise employers to award higher annual salary increases to mitigate the negative impact of higher transport costs on workers' purchasing power. Members of the National Union of Mineworkers have recently accepted Eskom's offer of a 7% wage increase for the next three years, evidence of this trend. On the other hand, the private sector is more responsive to the economic environment and might respond by moderating wage offers in lieu of keeping the workforce employed and keep the doors open in a difficult economic environment. In its latest Bureau of Economic Research Inflation Expectations Survey, analysts and businesspeople forecast nominal salary growth of 4.1% and 4.7%, respectively for 2026, whereas trade union officials are forecasting 5.1%.

With the uncertainties about the eventual impact of the war on the local and global economy likely to loom for some time, the South African economy enters a period where companies will most probably retreat to conservative mode, taking a wait-and-see approach, and postpone major decisions until more clarity is forthcoming. This could have a negative impact on employment prospects and earnings expectations in the remainder of 2026.

Graph 2: Nominal vs real average salary growth in South Africa



Source: SARB

Table 1: PayInc data table

	PayInc Net Salary Index (nominal)	Annual change	Monthly change	PayInc Net Salary Index (real)	Annual change	Monthly change
Mar-24	19 904	1.4%	0.5%	20 270	-3.9%	0.2%
Apr-24	19 996	2.8%	0.5%	20 270	-2.5%	0.0%
May-24	20 300	4.2%	1.5%	20 502	-1.0%	1.1%
Jun-24	20 519	5.6%	1.1%	20 657	0.5%	0.8%
Jul-24	20 760	5.5%	1.2%	20 888	0.6%	1.1%
Aug-24	20 798	5.7%	0.2%	20 910	0.9%	0.1%
Sept-24	20 834	5.9%	0.2%	20 927	1.5%	0.1%
Oct-24	20 940	6.3%	0.5%	20 998	2.5%	0.3%
Nov-24	21 002	7.0%	0.3%	21 025	3.7%	0.1%
Dec-24	20 995	6.7%	0.0%	20 977	3.7%	-0.2%
Jan-25	20 989	6.5%	0.0%	20 897	3.4%	-0.4%
Feb-25	21 010	6.1%	0.1%	20 831	2.9%	-0.3%
Mar-25	21 021	5.6%	0.1%	20 783	2.5%	-0.2%
Apr-25	21 246	6.3%	1.1%	20 933	3.3%	0.7%
May-25	21 260	4.7%	0.1%	20 890	1.9%	-0.2%
Jun-25	21 356	4.1%	0.5%	20 904	1.2%	0.1%
Jul-25	21 162	1.9%	-0.9%	20 653	-1.1%	-1.2%
Aug-25	21 203	2.0%	0.2%	20 643	-1.3%	0.0%
Sep-25	21 280	2.1%	0.4%	20 667	-1.2%	0.1%
Oct-25	21 298	1.7%	0.1%	20 642	-1.7%	-0.1%
Nov-25	21 361	1.7%	0.3%	20 656	-1.8%	0.1%
Dec-25	21 376	1.8%	0.1%	20 616	-1.7%	-0.2%
Jan-26	21 453	2.2%	0.4%	20 630	-1.3%	0.1%
Feb-26	21 494	2.3%	0.2%	20 623	-1.0%	0.0%
Mar-26	21 508	2.3%	0.1%	20 609	-0.8%	-0.1%

Source: PayInc

A note on monthly revisions

The PayInc Net Salary Index reflects the average nominal net salary of approximately 2.1 million salary earners in South Africa, earning between R5 000 and R100 000 per month on a net basis. The index is calculated on a monthly basis by dividing the total value of net salaries paid into the bank accounts of employees (excluding salaries greater than R100K per month and smaller than R5K) by the total number of salary payments. Salary payments that are loaded onto the National Payment System (NPS) and cleared through PayInc are included. These net salary payments typically exclude UIF contributions, as well as personal income tax and employee pension payments (a portion of medical insurance premiums and even debt repayments could be subtracted before earnings are paid into an employee's bank account). The PayInc Net Salary Index is published at seasonally adjusted nominal prices, and also as a real index, deflated by Headline CPI with base period December 2024.

On an ongoing basis, small differences may appear between previously published index numbers and the most recent figures. This is due to the deflation process applied to the real index (to adjust for inflation) and the seasonal adjustment applied to both the real and nominal indices (to adjust the data for seasonality).

The March 2026 PayInc Net Salary Index release has been subjected to the following adjustments that result in revised index and growth numbers:

a. Seasonal adjustment

Deflating nominal values: The headline CPI (CPI for all urban areas - 100% weighting) is used to deflate the nominal values to reflect real values. There is a one-month lag period before inflation data gets released for a certain month, which has the implication that in some months the PayInc Net Salary Index data point gets deflated by a forecast number for CPI. Then in the next month, when the actual CPI data has become available, it impacts the PayInc Net Salary Index insofar as there are discrepancies between the forecast used and the actual outcome thereof.

Revised seasonal factors: Seasonal adjustment takes place monthly by using the X-12-ARIMA seasonally adjustment methodology, resulting in marginal changes to historical index values.

Background: PayInc Net Salary Index, a new benchmark

The BankservAfrica Take-home Pay Index (BTPI) was developed by the late Mike Schussler in collaboration with BankservAfrica and has been published since 2012. The BTPI tracked the average nominal take-home pay of approximately 3.8 million salary earners in South Africa, excluding earnings above R100K per month. The salary data was adjusted for weekly payments in order to prevent double counting on the number of salaries used to determine the average take-home pay, while the calculation also took the number of pay days into account (given that most weekly payments take place on Fridays, Mondays and Thursdays). The BTPI was published as a smoothed seasonally adjusted index, with 2013 as base year.

The PayInc Net Salary Index reflects the average nominal net salary of approximately 2.1 million salary earners in South Africa, earning between R5000 and R100 000 per month on a net basis.

The index is published on a monthly basis at nominal prices, seasonally adjusted and smoothed (by using a 3-month moving average). Headline CPI is used to deflate the nominal series, with the base period = December 2024.

The PayInc Net Salary Index reflects enhancements to offer clearer, deeper insights into South Africa's earnings and labour environment. The following changes have been adopted in the PayInc Net Salary Index:

- The sample has been reduced to only reflect single salary payments per month (excludes weekly and bi-monthly payments).
- In addition to excluding the highest income category (>R100K), the lowest income category (0 – R5K) has also been excluded given that the data is volatile and often inconsistent.
- Headline CPI is used as deflator, with base period adjusted from 2013 to December 2024 = 100.
- b. The X-12-ARIMA seasonally adjustment methodology has been implemented); more sophisticated method by using Rstudio software; the same methodology is applied in seasonal adjustment as implemented by StatsSA & US Bureau of Labour Stats.
- The PayInc Net Salary Index remains a smooth indicator, reflecting a 3-month moving average, published both in nominal and real terms to add value to analysis.

Given the notable changes to the PayInc data sample, the composition of the PayInc Net Salary Index is not strictly comparable to the BTPI. The enhancements listed above have resulted in an improved alignment with official labour statistics as published by StatsSA in its Quarterly Employment Statistics publication.